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#### Report Highlights:

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#### General Information:

Welcome to "News Summary" from Vietnam, an occasional summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within Vietnam, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues may be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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#### **Vans may resolve safe meat problem**

The Department of Agriculture and Rural Development is considering whether to propose to the Hanoi People's Committee that it encourage beef, pork and poultry traders to transport meat more hygienically by supplying them with vans.

Nguyen Huy Dang, the department's deputy director, said numerous firms were failing to obey regulations regarding the hygienic transport of meat, because they lacked the funds to buy vans themselves. Instead, he said they were resorting to using bicycles and motorbikes. Many do not cover the meat properly.

*(Source: Vietnam News, July 30, 2009)*

#### **Da Nang farms run generators on biogas**

Toyota Motor Vietnam (TMV) and Da Nang University have completed an experimental project during which biogas was used to fuel electricity generators.

During the year-long project on 25 farms, the generators were switched from diesel to save energy costs while protecting the environment.

Farmers who joined the project either used biogas to drive their generators or a combination of biogas and diesel. Cost were supported by TMV.

"For farmers raising 50 or more pigs, using biogas instead of diesel to run their generators can save 24 million VND (1,300 USD) annually," says the university principal, Professor Bui Van Ga.

"After the success of the experiment, we hope biogas will be used widely," said Tatsuya ZKijimoto, marketing deputy director of TMV. "What we did was aimed at helping building a green environment while protecting the environment."

Biogas, which is usually produced during the breakdown of organic matter in the absence of oxygen, is a type of biofuel.

<http://en.vietnamplus.vn/Home/Da-Nang-farms-run-generators-on-biogas/20097/1195.vnplus>

#### **Lack of co-operation one of many hurdles to ensuring food safety**

Vice chairman of National Assembly Committee for Science, Technology and Environment Nguyen Dang Vang spoke

to Thoi bao Kinh te Viet Nam (Vietnam Economic Times) about hygiene violations.

Q: Despite long-running food safety and hygiene inspections across Viet Nam, low-quality imported food that poses the risk of food poisoning remains popular. How do you explain this?

A: The health sector is in charge of inspections of food safety and hygiene standards while the agricultural sector is responsible for plant and animal quarantine and animal health supervision. Because they have yet to unify import procedures for these kinds of commodities, both the health sector and the agricultural sector feel confused over how to best deal with violations when they are discovered.

It is necessary to realize that there are five ministries which are in charge of managing the food supply process. The Ministry of Agriculture and Rural Development is in charge of the early stage when produce is harvested and undergoes preliminary processing; the Ministry of Industry and Trade manages the processing of products at factories; the Ministry of Science and Technology tries to enforce technical standards; customs agencies are responsible for supervising the trade of products, and the Ministry of Health takes State management responsibility for food safety and hygiene.

Therefore, problems emerge from a lack of effective co-operation. For example, there are 337 legal documents regarding the management of food safety and hygiene, and the number of overlapping documents amounts to no fewer than 48.

Q: So do you think the increasing import of low-quality products is a result of ineffective co-operation among relevant ministries and agencies?

A: I think difficulties relating to co-operation at the management level at relevant ministries and agencies can be handled, but the major problems are the lack of human resources and finance. At present, those who are working for interdisciplinary management sectors relating to food safety and hygiene do not have adequate salaries and investment in managing food safety and hygiene is limited. The health ministry has nine food safety and hygiene inspectors and the Ministry of Agriculture and Rural Development has only three.

Meanwhile, many businesses import food products that are cheap but close to their expiration dates. This way they can make a better profit as it's still legal to import the food because there are no regulations limiting import time. When the products were imported into Viet Nam, their quality falls substantially when they are stored awaiting customs clearance, and a lack of testing equipment at storehouses makes matters worse. So, these products still enter the local market.

According to HCM City customs, the amount of products imported via the Sai Gon Port accounted for 80 per cent of products imported through ports into Viet Nam, but the agency is able to check only a limited amount of these products.

Q: What will the State do to fix this problem?

A: The National Assembly will soon issue the Law on Food Safety and Hygiene to adjust management of food safety and hygiene. This should focus on clarifying the responsibilities of State management agencies, co-operation mechanisms in managing food safety and hygiene, responsibilities of heads of food production and trade businesses, and penalty regulations.

Moreover, a national strategy ensuring food safety and hygiene should be developed during the 2011-2020 period.

It is also essential to improve poultry slaughterhouse hygiene and food wholesale markets; check micro-organism contamination and excesses of chemical substances in food products; tighten control over high-risk foods and imported products; and perfect a management system from central to grassroots levels to ensure food safety and hygiene. We need to increase State management over food safety and hygiene in material production, food processing, import and export and supply; identify the responsibilities of each ministry and agency over each kind of product; finalize the inspection system; boost official training and build international-standard testing centers.

I want to stress the need to increase inspections at the point when products are imported into Viet Nam or put into the market for circulation in order to best detect low-quality products.

*(Source: Vietnam News, July 27, 2009)*

### **Microbe infected food prohibited despite irradiation**

Quarantine agencies in Vietnam have been asked to ban the import of microbe infected food products into the country although the consignments are irradiated.

Vietnam for a long time had accepted imported frozen food products infected with microbes provided they were irradiated. As a result, the nation has seen too many food poisoning cases and food safety violations, said the Department of Animal Health on Sunday.

The Health Ministry approved the irradiation method in 2004 to kill insects or parasites on fruits, veggies and cereals. However, the method only reduces hazardous microbes on food for longer preservation and does not kill all of them. The department sent a document to importers last week to prohibit irradiation for substandard products and to force them to re-export such consignments. The enterprises are also not allowed to import certain animal organs.

After relevant agencies uncovered tens of tons of poultry products infected with Coli forms and E. Coli, importers were allowed to import the consignments after irradiating parts of them. Some companies also cheat consumers by not providing irradiation information on packages of their products.

Local scientists warned of the high risk of food poisoning due to microbe infected food. Coli forms and E. Coli infected products should be destroyed, they said.

*(Source: The Saigon Times Daily, July 27, 2009)*

### **Workshop teaches about WTO rules**

Vietnamese officials and specialists convened at a workshop yesterday to acquire knowledge and discuss experiences in the implementation of WTO procedures.

Deputy Minister of Industry and Trade Nguyen Cam Tu told participants at the "Notification Obligations in WTO agreements" workshop that the issue has received due attention and achieved certain progress.

One obligation requires Viet Nam to periodically inform the WTO of regulatory changes in the country in an effort to make the trade policies of WTO member countries transparent.

Experts at the workshop discussed WTO information obligations in general while analyzing all existing agreements. They said Viet Nam had strictly executed several agreements which required 'one time' informing. Most of the remaining agreements require periodic information or other special information procedures.

Participants were told that Viet Nam needed to thoroughly understand the requirements in order to implement these obligations on time.

Areas needing more information included: tariff and non-tariff barriers, import licensing procedures, services, export subsidies, and support policies for agriculture and State-owned trading enterprises. Anti-price dumping, fauna and flora quarantine and intellectual property also required more information.

*(Source: Vietnam News, August 5, 2009)*

### **Fifty-Fifty Chance of Success**

In line with World Trade Organization commitments, Vietnam will open up its rice market in 2011 so that foreign enterprises can directly export rice. Will these foreign businesses dominate the rice processing industry and force Vietnam's small enterprises out of business?

Vietnam produces over 38 tons of paddy annually and exports some "five million tons of rice. However, its system of depots is extremely obsolete and can only store approximately two million tons of farm produce.

Rice production in the Mekong Delta hinges mainly on manual labor, breeding waste of 13-14.6%. Dr. Pham Van Tan, vice director of the Sub-institute of Agricultural Electromechanical and Post-Harvest Technology, says that processing, the most important phase, is also outdated. Surveys show that most rice processing companies do not have paddy dryers; instead, they only purchase equipment to dry processed rice. Preliminary figures from the sub-institute show that the inappropriate rice processing procedure has resulted in a waste rate of 5-15%.

"The lack of drying and storage equipment, as well as capital to purchase rice and paddy, has forced enterprises to adopt a fragmented procedure, which hampers both quality and quantity of rice. Meanwhile, enterprises remain passive, even though they do not have sufficient amounts of paddy to fulfill signed contracts," Tan adds.

Tan says that even the Government and the Vietnam Food Association have yet to adopt practical and effective measures to encourage investment in new technology and equipment, which will enhance rice quality. Consequently, some small enterprises seem to worry that when the market is opened up, foreign businesses endowed with enormous funds and advanced technology will gradually dominate the rice processing sector.

According to Tan, if Vietnam develops a good system of depots and rice processing equipment, the country will reap another US\$226 million annually thanks to lower waste, better quality and greater profits from export contracts. In that case, farmers stand to benefit tremendously as enterprises must compete aggressively to purchase materials, pushing up prices.

Does adversity bring wisdom?

Dr. Vo Hung Dung, director of Vietnam Chamber of Commerce and Industry's Can Tho Branch, does not believe foreign investors will flood into Vietnam's rice processing and export immediately in 2011. "The economic downturn will trigger chain effects. In 2011, foreign investors will have difficulty expanding their operations," he says.

Dung also says that foreign investment in agriculture is unlikely to undergo drastic changes. "Agriculture poses substantial risks for investors and pertains remarkably to the Government's goals and policies. In reality, the number of incentives in agriculture must be two to three times higher than that in other sectors if the Government wants to lure capital into farming," he says.

In 1999-2001, rice exporters were entitled to favorable loans with a long duration of repayment, compensation for losses incurred by rice reserves and a bonus of VND180 for every \$1 of revenue from rice export. However, bonuses for rice export will be gradually phased out in 2013.

"At present, profits from rice export are limited, so foreign investors are unlikely to spend billions of dongs managing this activity," director of a rice-exporting enterprise in the Mekong Delta says.

Pham Vy Ben, director of Thap Son Co. in Dong Thap Province, says that foreign investors are probably uninterested in rice trading due to the enormous risks involved. "Rice, unlike coffee, cannot be sold at will. Thailand has opened up its rice market, but there are still very few foreign investors there," he says.

"In Thailand, as private enterprises thrive, foreign businesses are worried that they may not be able to compete. Meanwhile, overseas enterprises have expressed concerns about Vietnam's rice-export management," director of a rice-exporting company says. He adds that while the rice market will be opened up in 2011, the mechanism governing rice export will probably remain as this commodity is inextricably tied with food security.

In fact, the current mechanism has made Vietnam's private enterprises reluctant to pour capital into technology. Consequently, they can only operate as material suppliers for major exporters to guard against risks. As foreign investors are unfamiliar with Vietnam's market, they will probably adopt a more cautious stance.

In 2009, it is forecast that the southern and northern food corporations will continue accounting for some 40% of Vietnam's rice export. Given their annual numbers of contracts as well as other incentives, both enterprises are forces that foreign investors aiming to penetrate Vietnam's rice market must reckon with.

Therefore, rice exporters predict that after 2011, only a few investors such as those from Japan will enter Vietnam. However, these investors will mostly export rice to their own countries and capitalize on existing distribution systems to earn profits.

*(Source: Saigon times weekly, August 8, 2009)*

#### **Vinafood's expired pork products to go up in smoke**

Authorities plan to destroy eight tons of imported pork stored by Vinafood in southern Binh Duong Province, and have

quarantined all of the company's frozen products.

The province's Animal Health Division last Friday confiscated the pork from the company's refrigerated warehouse, and gave it to the local market management agency to destroy.

Inspectors are also looking at Vinafood's original documents on all of its meat imports, including pork, chicken and other items, to determine the production date.

In Viet Nam, the law requires that frozen meat must be used within 18 months from its production date.

On July 21-22, inspectors found eight tons of pig heads imported from the US stored in Vinafood's warehouse at Song Than No.1 Industrial Park.

Inspectors said the original documents showed that the meat had been produced in December 2007 and that expiry dates were illegible.

Ta Trong Khang, deputy head of the animal health division, said Vinafood had substituted new production and expiry dates on the top of the original dates.

Huynh Huu Loi, head of HCM City's Animal Health division, said documents for more than 350 tons of frozen imported meat, including chicken, pork and sausage, would be inspected in Vinafood's refrigerated warehouse.

*(Source: Vietnam News, August 3, 2009)*

### **Food safety checks let consumers down**

29 die from food poisoning so far this year.

A shortage of food hygiene and safety inspectors nationwide has contributed to 29 deaths from food poisoning and more than 2,500 people hospitalized in the first six months of this year, the Ministry of Health's Food Hygiene and Safety Department has revealed.

The main reason was contamination with coli form bacteria such as E.coli, B. cereus, C. perfringens and S. aureus, indicating that products were kept for a long time before being processed, Dr Luong My Binh of Central Pediatrics Hospital said.

E. coli can cause urinary tract infections while B. cereus bacteria can also lead to diarrhea.

Products were usually contaminated during processing or by the use of preservative substances, such as borax or artificial colors, Binh said.

Public health concerns were raised last month when nearly 14 tons of out-of-date products of Vinafood Company were found stored in HCM City's Tan Binh District.

"It is a big company," Hanoian Le Thuy Son said. "It provides food nationwide. Surely, each person in Viet Nam uses its food, so how many people would get diarrhea due to their expired food?"

"I wonder why their products were not checked by the relevant departments of food hygiene and safety."

Food Hygiene and Safety Department deputy head Nguyen Thanh Phong said only 42 of 63 provinces and cities in the country had food hygiene and safety agencies and the 230 inspectors employed had other responsibilities such as the pharmaceutical sector.

This meant that each province or city had about two food hygiene and safety inspectors to check more than 490,000 enterprises nationwide, Phong said.

In some localities, each enterprise had its food hygiene and safety checked only once every five years.

This led to more violations of food hygiene and safety regulations and more food poisoning cases.

Hung Yen Province had plans to establish a food hygiene and safety department but did not have the staff, its Health Department deputy chief inspector Ngo Minh Thuan said.

When officers from other agencies were called on to inspect local food hygiene and safety issues, they had no experience, which affected the quality of the inspections, he said.

Head of Vinh Phuc Province Food Hygiene and Safety Department's inspection unit Vu Duc Thanh said he had yet to gain an inspector's license so he was prevented from handing out fines of more than VND500,000, even for serious violations.

The ministry's Food Hygiene and Safety Department head Nguyen Cong Khan said that to solve the situation, the department planned to delegate seven staff members to food hygiene and safety units at the grassroots level and to improve the skills and knowledge of relevant authorities.

The department would also co-operate with training schools for inspectors and continue to build long-term training programs at universities for specialized officers in food hygiene and safety.

*(Source: Vietnam News, August 3, 2009)*

### **Firms go hi-tech into Cambodian market**

Vietnamese companies are taking advantage of business opportunities in Cambodia with the transfer of advanced technology, particularly in the agricultural sector.

Nguyen Tran Trung Nam from An Giang Plant Protection JSC's representative office in HCM City said that the company started transferring agricultural technologies to Cambodia in 2002.

"The technical transfer with a focus on opening training courses for Cambodian agricultural experts and farmers will help our company to better introduce our products, establish our networks in order to enhance our presence in the country," Nam said.

"This move also helps us to explore more business opportunities here," he said, adding that the company plans to open a ten-day training course for Cambodian technicians in the southern An Giang Province next month.

Chairman of the Institute of Agricultural Science for Southern Viet Nam Bui Chi Buu agreed that untapped business opportunities existed in the Cambodian market and that technical transfer was an effective method for firms to better take advantage of these chances.

Cambodia is the third largest export market to Viet Nam after Thailand and China.

The country plans to raise trade turnover with Cambodia to US\$2.45 billion by 2010.

In 2008, Viet Nam earned \$1.43 billion from exports to Cambodia, a year-on-year increase of 50 per cent.

Major exports from Viet Nam to Cambodia include fuel, steel, instant noodles, plastic products, fertilizer, materials for the textile and garment sector, cosmetics and detergents.

Many Vietnamese enterprises have set up representative offices and shops in the country.

However, the Vietnamese Trade Mission to Cambodia said that few Vietnamese businesses have long-term plans for developing this market.

*(Source: Vietnam News, August 3, 2009)*

### **HCMC ban on informal food trading may hurt consumers**

The coming ban on food trading outside formal retail channels in Ho Chi Minh City might not work and could even make it hard for residents to buy food, insiders say.

The city government has decided to ban sales of fresh food, including fruit and vegetables, meat, poultry and seafood, outside authorized markets, supermarkets and convenience stores. The ban, which comes into effect next Monday, aims to tighten control over food trading in the city.

There are 238 markets in the city and most of them are surrounded by makeshift shops selling mostly food items.

Nguyen Xuan Trang, manager of Pham Van Hai Market in Tan Binh District, said informal trading outside the market has been an issue for about a decade despite repeated efforts to resolve it.

The ban next Monday is unlikely to solve the problem once and for all because concerned agencies are understaffed and they cannot stop all illegal traders, he said.

But the ban will not only affect traders who do not have a place inside markets. There are concerns that many city residents, especially those living on the outskirts, may find it hard to buy food and foodstuff.

Over the past few years, many makeshift food markets have emerged in suburban districts like Thu Duc, Binh Chanh, 7 and 12 to meet the increasing demand of workers at industrial parks. These markets will be banned completely as of next week.

Most supermarkets and convenience stores are located in inner city districts. In addition, only a few of about 500 convenience stores in the city sell fresh food products.

Many stores said a storage system for fresh foods is an expensive proposition costing around VND300-500 million (US\$17,500-29,200), and it would also require more staff to operate it.

Source: [www.lookatvietnam.com/2009/08/hcmc-ban-on-informal-food-trading-may-hurt-consumers.html](http://www.lookatvietnam.com/2009/08/hcmc-ban-on-informal-food-trading-may-hurt-consumers.html)

### **Falling export prices hit agricultural sector**

Decreasing prices are hitting the country's agricultural export revenue, with the first seven months below expectation, according to Deputy Director of Agriculture and Rural Development's IT and Statistic Centre Duong Long Tri.

A report from the Ministry of Agriculture and Rural Development estimates the total revenue of agricultural, forestry and aqua-cultural products at US\$9.08 billion, a decrease of 5.23 per cent over the same period last year.

Out of all the categories, only rice export increased in both volume and value with \$1.97 billion, or a 4.4% higher than last year. The Philippines and Malaysia are leading rice markets earning Viet Nam \$752 million and \$128.8 million, respectively.

Other key export products such as coffee and rubber have recorded an increase in volume but lower value. Coffee export reached 802,000 tons or a 19.1% increase, but a 15.7% decrease in value at \$1.19 billion.

Similarly, rubber export volume hit the 331,000 tons, a 4.7% increase in volume, but fell 43.2% in revenue at \$445 million.

<http://www.vnbusinessnews.com/2009/08/falling-export-prices-hit-agricultural.html>

### **Falling world prices hit Vietnam's increasing pepper exports**

Viet Nam's pepper exports in the first seven months of this year increased in volume but declined in value, according to the Ministry of Agriculture and Rural Development (MARD).

The country gained a year-on-year increase of 43 per cent in pepper export volume to reach 83,000 tons of pepper in the first seven months, but the world pepper price decline caused a 4.4 per cent decrease in export value compared with the same period of last year to stand at US\$194 million.

Viet Nam harvested 95,000 tons of pepper in this year's crop, an increase of 4.4 per cent over last year.

Do Ha Nam, chairman of the Viet Nam Pepper Association (VPA), said the farmers continued selling pepper when the export price fell, because the price remained high enough to still make a profit.

Pepper companies here have semi-processed products, so they can export more cheaply than other countries. Other countries often buy Vietnamese semi-processed farmed products and do the final processing themselves and put their trademarks on them to sell for a higher price.

In the seven months, Viet Nam already sold 80 per cent of the total pepper harvested, so it cannot fulfill the rest of its export contracts until September due to a pepper shortage.

Pepper industry insiders predict the pepper price would increase sharply by the end of this year due to a shortage of pepper supply. The VPA expected the export price for pepper would rise from the current \$4,300 to \$5,000 per ton in the near future.

Vietnamese pepper was exported to 73 countries and territories at an annual average volume of 70,600 tons, accounting for 31.2 per cent of the world pepper market, Nam said.

The country expected to export 100,000 tons of pepper this year, an increase of 10,000 tons over the volume of last year.

<http://www.vnbusinessnews.com/2009/08/falling-world-prices-hit-vns-increasing.html>

### **Abattoirs threaten health, environment**



A serious shortage of waste treatment systems in local slaughterhouses is damaging the environment and people's health, according to the Animal Health Department of the northern province of Ninh Binh. Only two large-scale slaughterhouses in the province were equipped with proper waste treatment systems, the department said.

"There has not been any official survey on the pollution level caused by unhygienic slaughterhouses, but we can see waste from a thousand slaughterhouses being directly discharged into the public drainage systems with our own eyes," deputy head of the department Ha Quoc Thinh said.

#### Ripe for epidemics

Thinh said low levels of hygiene and safety in farmyards and animal pens could make good conditions for diseases such as bird flu, blue-ear and foot-and-mouth diseases to re-occur and spread in the province.

"We are glad that the breeding sector and slaughterhouses have already recovered after being hit by the diseases and gradually developed, but their poor facilities are critically threatening people's life and health," he said.

Thinh said in order to initially handle the problem, all the local slaughterhouses had been ordered to implement temporary waste and waste water treatment measures.

"The provincial Department of Science and Technology has helped local slaughterhouses build more than 1,300 biogas tanks and filter-beds to properly treat waste and waste water before discharging them to the public's drainage system," he said.

"However, the model has not been widespread as many slaughterhouses owners have not realised the importance of environmental protection," he said, adding some of them still faced investment capital shortage.

"Monetary sanctions for polluting slaughterhouses are required," Thinh said. "All we can do at present is just to give them warnings."

#### Move in Ha Noi

Ha Noi People's Committee has issued a plan to build seven large-scale and modern slaughterhouses.

According to Plan 66/KH-UBND, small slaughterhouses interspersed in residential areas in Hoang Mai, Long Bien and Ha Dong districts will be forced to close by next year.

The committee has also issued incentive policies to encourage enterprises to invest in building slaughterhouses, which meet food safety and environmental hygiene standards.

The policies detail a 50 per cent discount on electricity costs and full financial support for site clearance and waste treatment system construction.

However, it will not be possible to shutdown all small slaughterhouses in the city by the end of this year, said the Ha Noi Agricultural Development and Investment Company general director, Phan Minh Nguyet.

"Our company has already built a large-scale slaughterhouse with the slaughtering capacity of 700 to 1,000 poultry a day," Nguyet said. "Despite the investment capital of tens of billion dong, we lost nearly a billion after six months of operation."

"Using modern technology increases the price of products, while it costs nothing but five minutes of time to have a bird slaughtered in a market," she said.

The company's modern slaughterhouse was closed, according to Nguyet.

The municipal committee said it would determine serious punishments for slaughterhouses that do not have proper food safety and hygiene

According to the latest inspection of the Ministry of Agriculture and Rural Development's Livestock Breeding Department, nearly 17,000 slaughterhouses making up 65 per cent of the country's total do not meet the requirements on food safety and environmental hygiene.

The department also said that over half of the slaughterhouses across the country did not have licenses issued by animal health departments.

<http://vietnamnews.vnagency.com.vn/showarticle.php?num=03SOC040809>

#### Rubber exports to China down

HCM CITY — The volume of rubber exports via border to China has dropped, according to the general secretary of the Viet Nam Rubber Association.

Tran Thi Thuy Hoa said China applied trade barriers to limit Vietnamese exports over the border in March.

Under the new regulation, only small volumes of exports can be sent via the Mong Cai or Luc Lam border gates in Quang Ninh Province, and payments must be made via a bank and not by cash.

Of the country's 208 rubber exporters, 165 companies trade with China mostly via the border.

"Although Viet Nam exports rubber to about 61 countries, including the US, Europe and Japan, nearly 70 per cent of

our exports are to China," Hoa said.

China consumes more than 2.5 million tons of natural rubber latex each year, accounting for 26 per cent of the world demand.

But the country only produces 500,000 tons a year, and imports the rest.

Hoa said domestic companies should improve rubber quality exports to China to a level that matches the quality of exports to other countries.

In addition, the Viet Nam Rubber Association should work with its counterparts in Thailand, Indonesia and Malaysia, China's main rubber suppliers, to exchange information on demand and prices.

Vietnamese authorities should also announce changes of China's trade policy and help businesses map out appropriate business strategies.

Viet Nam earned US\$357.2 million in rubber exports in the first six months of the year, of which \$233.9 million came from China, according to the Ministry of Industry and Trade.

Exports to China in the first half of the year increased by 6.3 per cent, compared to the same period last year, while exports to other markets dropped dramatically.

Viet Nam ranks fourth worldwide after Thailand, Indonesia, and Malaysia in rubber exports.

*Source: Vietnam News August 06, 2009*

### **Seafood Exports in Difficulty**

In the first six months of 2009, US\$1.7 billion worth of seafood was exported from Vietnam, which was 10.7 percent less than in the first half of 2008. Seafood exports fell across the board, including to the largest export markets, the EU, Japan and the US. Truong Dinh Hoe, the secretary general of the Vietnam Association of Seafood Exporters and Producers (VASEP), has predicted that the demand in importing countries will continue to fall as the global economic crisis settles in. Vietnamese seafood farmers and processors are both concerned about appropriate production levels and prices. The seafood export target for 2009 has therefore been lowered to US\$4 billion.

Vietnamese seafood exporters believe that they face three difficulties: 1) fewer available raw materials, 2) decreased consumer demand here and abroad and 4) the dissemination of unfortunate information.

Many small farmers in the Cuu Long (Mekong) Delta provinces of Dong Thap, Tien Giang, Vinh Long, An Giang and Can Tho have quickly gotten out of the business now that the demand has dropped. This is due to the information that the US will impose a tougher inspection regime upon Vietnamese basa/catfish which would make it difficult for this product to enter the US for years. Many seafood processing companies are saying no to fish farmers who want to sell their harvest even though the price has fallen below VND15,000 per kg. In 2007, processing companies paid VND15,000-16,500 per kg but in 2008, the price dropped as low as VND13,500 per kg. The fish farmers spent VND15,000-16,500 to produce each kg of fish, due in large part to higher feed prices, and they all lost money. Most of those who had bank loans to pay had to get out of the business. Cuu Long Delta provincial seafood associations say that in the last six months, the area on which tra fish are raised shrunk from 6,000ha to 3,600ha. Last year something like 25 percent of the fish farmers in the delta went bankrupt and another 40 percent have not declared bankruptcy but are unable to make payments on their loans.

Shrimp are raised in Soc Trang, Bac Lieu and Ca Mau provinces and the area in which they are raised has also shrunk. Presently, shrimp is being raised in 2,000ha of pond area in Bac Lieu, down from the 10,000ha of pond area in which shrimp could be raised. In Soc Trang, shrimp are being raised on 1,000ha while there's an available pond area of 5,000ha.

Phan Van Danh, the president of the An Giang Aquaculture and Seafood Processing Association, said that many people who were seafood farmers are no longer in the business. They say that they could not make money because the climate is not right, the water is polluted and the young stock that is available is not good. Seafood processors now wonder if they'll be able to obtain enough raw materials.

Le Van Quang, the general director of the Minh Phu Seafood Joint Stock Company, said that farmers may continue to lose money because the production cost is high and processors are dropping their purchase prices. Truong Thi Loan, the deputy director of the Kien Long Seafood Processing Company in Kien Giang province, said that the company could process 10 tons of shrimp per day but it's now able to process just two tons per day because of a lack of raw material. Many seafood processors are now importing raw material. Tran Van Dung, the director of the Ba Ria - Vung Tau Seafood Processing and Export Joint Stock Company, said that his company buys 70 percent of its raw materials locally and the rest it imports, paying 15 percent over the domestic price. The company's profits have decreased 50 percent, he said.

In the recent times, the mass media in some European countries disseminated unfortunate information about the environment in which Vietnamese fish is reared in order to reduce the consumption of this kind of product in circumstances of the global economic recession. This has had an adverse impact on the export of Vietnamese tra and

basa fish to those European markets.

Mr. Hoe of the VASEP said that his organization will attempt to bring seafood farmers and processing companies closer together. The association will also encourage seafood processors to cooperate with each other to improve the competitiveness of Vietnamese seafood on the global market. In addition, VASEP will provide companies with information, help them build trademarks and promote trade. The association will also increase international cooperation which is sure to increase Vietnamese seafood exports./.

*By Mai Phuong - Vietnam Economic News - August 05, 2009*